



MICAH ALTERNATIVE SUGGESTIONS for MEMPHIS 3.0 TRANSIT VISION FUNDING
Presented to the MICAH Delegates Meeting on November 12, 2019
& Adjusted December 2, 2019

BACKGROUND

Memphis 3.0 Transit Vision requires \$30 million in ongoing sustainable new funding - MICAH endorsed Transit Vision at its October 2018 public meeting and has subsequently taken actions to secure the County Commission's agreement to become a sustainable funder of Transit Vision.

City Mayor supports Transit Vision – Mayor Jim Strickland has proposed as part of his Memphis 3.0 Plan, Transit Vision to establish a top tier public transit system. MICAH fully supports Mayor Strickland's endeavor to fund Transit Vision. In MICAH's recent meeting with Mayor Strickland he applauded MICAH's efforts to encourage County funding and to raise awareness of the importance of public transit for our future.

County Commission Responds to MICAH funding Ask- In June, County Commissioners responded to MICAH power interviews with each commissioner and presentations at commission meetings. They have committed an initial \$2 million toward the \$10 million required for year one implementation toward a three year step up to an annual increased MATA funding of \$30 million.

County Mayor Support - MICAH has also had several meetings with County Mayor Lee Harris to secure his support for Transit Vision. He announced his support for year one funding of \$10 million at MICAH's second large public meeting in September. His latest proposal is to add a \$145 fee to only the third car registered at a particular address and maintains that will generate \$9 million of the \$10 required and he proposes an added \$1 million from the county's capital improvement budget. Commissioners opposed that funding option. The Mayor has said as recently as November 4th on Behind the Headlines, that he is open to alternative funding ideas, but as of now has not received a formal alternative proposal.

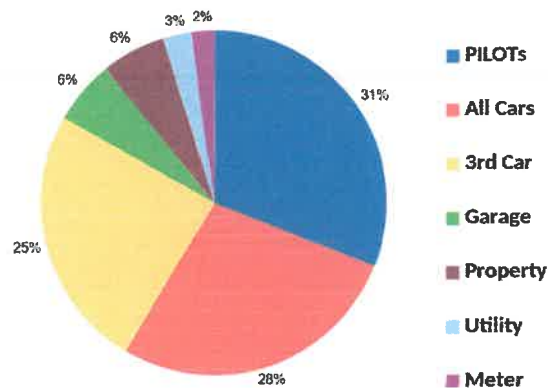
3.0 Transit Vision Funding Options Considered by MICAH

Over the past several months, MICAH has considered various alternative funding means and has recently conducted a survey of delegates, members and others to take a pulse on what funding options are most greatly supported, including:

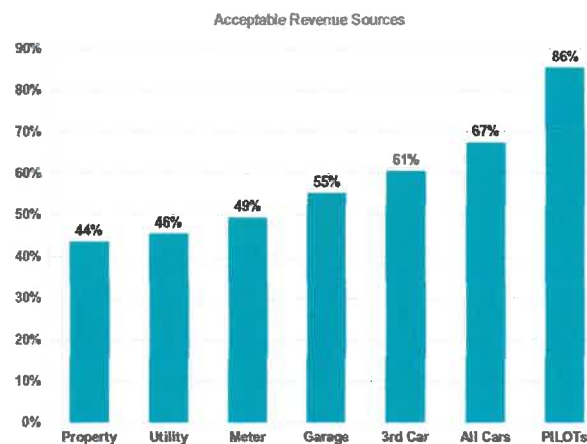
- the Mayor's proposal to establish a \$145 fee on the third registered vehicle at an address.
- apply the County's share of expiring PILOTS (Payments in Lieu of Taxes) to partly fund Transit Vision,
- establish a transportation utility fee applied to MLG&W bills,
- transit fee attached to property tax bills
- smaller fee attached to all vehicles with a possible exemption for vehicles registered to individuals with incomes less than \$31,000,
- added fee to garage parking fees, and
- added fee to meter parking fees.

MICAH Survey Findings to date:

1. The chart shows Preferred Funding Sources for Transit Vision. Expiring PILOTs (31%) was the most preferred, followed by All Car Fee (27%) and 3rd Car Fee (25%). Other options were 6% or less.



2. Additionally, 86% said expiring PILOTs were an acceptable revenue source followed by All Car Fee (67%) with the \$145 fee on only the third car ranked third at 61% acceptable.



3. The highest rated Maximum Fee was \$15-25 (24%), followed by \$25-50 (23%) and Up to \$15 (20%). MICAH met with County Clerk Wanda Halbert to discuss auto registrations and are awaiting confirmation of the breakdown of total vehicles which we understand to be approximately 740,000.



MICAH position on Memphis 3.0 Transit Vision funding

MICAH is resolute that the Transit Vision funding must be established now to ensure our community has a workable transit system for all our citizens. It is especially needed to assure unemployed and under employed workers can get to and from better paying living wage jobs. Memphis cannot achieve its goal to be a top tier city without a top tier public transit system. Our future economic viability is contingent upon this single critical success factor.

MICAH continues to support Shelby County and the City of Memphis finding sustainable sources to fully fund Memphis 3.0 Transit Vision over the next three years. Beginning with \$10 million in year one and over three years to full added capitalization of \$30 million annually and restricted to Transit Vision funding for both operating and capital funding.

MICAH's main purpose is to create a more racially and economically equitable community and believes funding for Transit Vision should not be based on regressive taxes that places added financial stress on already burdened low income families. Mayor Harris, as recently as November 8 on Behind the Headlines said he still supports the \$145 added fee on the third registered vehicle and is open to alternative plans, but none have been suggested to date.

Hearing the MICAH survey preferences of our leadership, members and other friends of MICAH, we recommend the following primary funding strategies that we believe together will more that fully realize year one's \$10 million year one funding and go a long way to realizing the full \$30 million required to fund 3.0 Transit Vision.

The following suggestions are meant to launch more in-depth discussions and MICAH is open to other strategies to realize the full funding of Memphis 3.0 Transit Vision funding.

1. Added Transit Vehicle Fee

- Establish an added transit vehicle fee designated for Transit Vision. For example only, based on approximately 678,695 vehicles registered to either households with incomes higher than \$25,000 (515,124) @ \$20 and business vehicles roughly estimated at (164,000) @ 30- \$40. (higher rate for business assumes higher annual mileage/wear and tear per vehicle)
 - Fees for individual passenger cars would equal approx. \$10,302,480
 - Fees for business vehicles would equal up to approx.. \$ 6,862,000
 - Total From added vehicle fees** **\$17,164,480**

(Note: # of Vehicles in this example are subject to further confirmation by County Clerk's office. Delegates also suggested an adjustment of the income exemption to \$31,000 or lower family incomes which would reduce above projection on passenger cars by about \$1 million.)

If the fee for personal vehicles was raised to **\$25 per vehicle, generates \$12,878,100** raising total vehicle fees including business vehicles to \$19,740,100.

2. Expiring PILOTS - Shelby County government should designate most or all of its portion of the retiring PILOTS to Transit Vision. Over the next several years, taking into account some PILOTS will be extended, based on 80% of the projected value calculated by the City of Memphis, this could provide a significant sustainable portion of the \$30,000,000. In early years, while amount builds up, advances to this source could be internally loaned from annual budget surpluses to jump start funding.

3. County CIP, City, State and Federal Funds – if needed, the remainder of the \$30,000,000 should come from added funding from County CIP funds, the City of Memphis and/or added Federal and State funding.